

## Message Text

UNCLASSIFIED

PAGE 01 BRASIL 09891 01 OF 02 141551Z

42

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 /016 W  
----- 012292

R 141130Z NOV 75  
FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC 2496

UNCLAS SECTION 1 OF 2 BRASILIA 9891

E.O. 11652: N/A  
TAGS: ECON  
SUBJECT: OMB BUDGET CUT FOR FY 1977

REF: STATE 267369

FOLLOWING MESSAGE SENT TO SECSTATE ON 28 APR 75  
NOW BEING REPEATED TO SECSTATE.

QUOTE SUBJECT: AID PHASE-OUT: FORMAL NOTIFICATION TO GOB

ACTION: SCSTATE WASHDC PRIORITY

UNCLASSIFIED BRASILIA 3231

AIDAC

FOLLOWING IS ENGLISH TEXT OF ARIL 25, 1975, LETTER FROM AMBASSADOR  
TO MINISTER OF PLANNING REIS VELLOSO:

BEGIN TEXT: DEAR MR. MINISTER:

OVER THE COURSE OF THE PAST TWO YEARS, REPRESENTATIVES OF  
OUR GOVERNMENTS HAVE HAD A SERIES OF INFORMAL DISCUSSIONS  
CONCERNING THE PROGRESSIVE REDUCTION AND EVENTUAL TERMINATION  
OF THE U.S. BILATERAL ASSISTANCE PROGRAM WITH BRAZIL.

FACTORS IN THIS SITUATION HAVE BEEN, AS THEY WERE IN THE  
CASE OF PROGRAMS THAT HAVE BEEN TERMINATED IN OTHER LATIN  
AMERICAN COUNTRIES AND ELSEWHERE DURING RECENT YEARS,  
RECOGNITION OF BRAZIL'S IMPRESSIVE ECONOMIC PROGRESS,  
THE NEED OF THE U.S. TO RE-DIRECT ITS BILATERAL COOPERATION  
TO THE RELATIVELY LESS DEVELOPED NATIONS, AND OUR

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRASIL 09891 01 OF 02 141551Z

INCREASING RELIANCE ON MULTILATERAL CHANNELS TO SUPPLY

NEEDED RESOURCES. IN THIS REGARD, THE ECONOMIC DEVELOPMENT OF BRAZIL OVER THE PAST DECADE AND THE ACCOMPANYING CROWTH AND MATURITY OF BRAZIL'S INSTITUTIONAL CAPACITY IN THE SOCIAL AND ECONOMIC FIELDS, IN WHICH THE U.S. HAS EXTENDED ECONOMIC AND TECHNICAL COOPERATION, PROVIDE AMPLE EVIDENCE OF BRAZIL'S ABILITY TO MOBILIZE AND UTILIZE EFFECTIVELY BOTH DOMESTIC AND EXTERNAL RESOURCES, A FACT WHICH HAS MADE OUR LONG ASSOCIATION IN DEVELOPMENT FIELDS MOST REWARDING TO MY GOVERNMENT.

AS YOU ARE AWARE, THE FIRST STEP IN THE PROCESS OF REDUCING AND EVENTUALLY ENDING U.S. BILATERAL ASSISTANCE WAS THE CESSATION OF CONCESSIONAL A.I.D LENDING TO BRAZIL. THE LAST LOAN WAS AUTHORIZED BY THE AGENCY FOR INTERNATIONAL DEVELOPMENT IN JUNE, 1973, AND SIGNED BY REPRESENTATIVES OF OUR TWO GOVERNMENTS ON JANUARY 30, 1974. SINCE THE U.S. FISCAL YEAR 1973, THE EXECUTIVE BRANCH OF MY GOVERNMENT, AS YOU KNOW, HAS NOT REQUESTED AUTHORIZATION OF FURTHER LOANS FOR BRAZIL FROM THE U.S. CONGRESS.

ALTHOUGH WE HAVE NOT EXTENDED ANY NEW LOANS DURING THE PAST TWO YEARS, THE RATE OF DISBURSEMENTS UNDER OUR LOAN PORTFOLIO OVER THIS PERIOD HAS AVERAGED APPROXIMATELY \$60 MILLION A YEAR, WHICH IS ABOVE THE AVERAGE ANNUAL LEVEL FOR THE PREVIOUS THREE YEARS.

THESE EXPENDITURES HAVE CONTRIBUTED PARTICULARLY TO BRAZILIAN GOVERNMENT PROGRAMS IN THE EDUCATION, PUBLIC HEALTH, AND OTHER SOCIAL ASSISTANCE AREAS, REPRESENTING A SIGNIFICANT RESOURECE TRANSFER EVEN THOUGH THE PROGRAM HAS BEEN PROGRESSIVELY REDUCED. THERE IS APPROXIMATELY \$130 MILLION STILL TO BE DISBURSED, AND WE EXPECT EXPENDITURES FOR THESE PURPOSES TO CONTINUE AT APPROXIMATELY THE CURRENT RATE THROUGH JUNE, 1977.

OVER RECENT YEARS THERE ALSO HAS BEEN A GRADUAL AND PROGRESSIVE REDUCTION OF OUR GRANT TECHNICAL ASSISTANCE. DURING THIS PERIOD OF REDUCTION, WE HAVE CONCENTRATED UPON COMPLETION OF EXISTING PROJECTS AND THE FUNDING OF PARTICIPANTS PARTICULARLY AT THE DOCTORATE LEVEL IN AREAS WHERE SUCH TRAINING IS NOT YET AVAILABLE IN BRAZIL.

BOTH THE AID DIRECTOR AND I HAVE REVIEWD THESE TRENDS IN OUR BILATERAL ASSISTANCE PLANNING WITH APPROPRIATE MINISTERS AND OTHER OFFICIALS OF THE BRAZILIAN GOVERNMENT ON SEVERAL UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRASIL 09891 01 OF 02 141551Z

OCCASIONS. WE HAVE POINTED OUT, AT THE SAME TIME, THAT CONCURRENT WITH THE REDUCTION OF AID ACTIVITIES IN BRAZIL, WE HAVE BEEN REDUCING OUR BRAZILIAN AND U.S. AID STAFF IN ORDER TO EFFECT ECONOMIES FOR BOTH OF OUR GOVERNMENTS. AS A RESULT OF CONTINUING REVIEWS OF THE AID LOAN AND GRANT PORTFOLIO WITH APPROPRIATE OFFICIALS IN WASHINGTON, WE HAVE BEEN AUTHORIZED TO MAINTAIN AN AID MISSION IN BRAZIL THROUGH JUNE 30, 1977. SINCE DISBURSEMENT OF FOURTEEN OF

THE SEVENTEEN REMAINING A.I.D. LOANS IS EXPECTED TO BE COMPLETED BY JUNE 30, 1977, WE PLAN TO TERMINATE THE PRESENCE OF A FORMAL USAID MISSION TO BRAZIL AS OF THAT DATE, AS WE HAVE DONE PREVIOUSLY IN SEVERAL CONTRIES AROUND THE WORLD, INCLUDING MEXICO, VENEZUELA AND ARGENTINA. WE ANTICIPATE THAT RELATIVELY SMALL BALANCES WILL REMAIN IN ONLY THREE LOANS BEYOND THAT DATE AND THAT OUR RESPONSIBILITY WITH RESPECT TO THESE BALANCES WILL NOT REQUIRE THE CONTINUATION OF A FORMAL AID MISSION. WITH FEW EXCEPTIONS, ALL OF THE CURRENT GRANT-FOUNDED USAID PARTICIPANTS WILL HAVE COMPLETED THEIR ACADEMIC STUDIES BY JUNE, 1977, AND WILL RETURN TO BRAZIL SHORTLY THEREAFTER. MEMBERS OF THE USAID MISSION HAVE BEEN HOLDING DISCUSSIONS WITH APPROPRIATE MEMBERS OF THE BRAZILIAN GOVERNMENT TO FIND MEANS FOR THE CONTINUATION OF SPECIALIZED TRAINING ACTIVITIES IN THE UNITED STATES AT THE LEVEL MOST CONSONANT WITH BRAZILIAN NEEDS, TAKING INTO ACCOUNT THE ABSENCE OF FURTHER U.S. LOANS AND GRANTS. IN THIS CONNECTION, I AM PLEASED TO INFORM YOU THAT THE AGENCY FOR INTERNATIONAL DEVELOPMENT IN WASHINGTON WILL BE ABLE TO MAKE AVAILABLE ITS PLACEMENT SERVICES FOR A REASONABLE NUMBER OF PARTICIPANTS FROM BRAZIL SHOULD YOUR GOVERNMENT SO DESIRE. WE ARE ALSO ADVISED THAT CURRENT AID PROJECTS SERVING EITHER A REGIONAL OR WORLD-WIDE PURPOSE WILL CONTINUE IN BRAZIL, AND OTHER SUCH PROJECTS MAY BE INITIATED IN THE FUTURE ON A SELECTIVE BASIS ACCORDING TO THEIR POTENTIAL FOR IMPACT ON TECHNOLOGIES AND INITIATIVES OF OTHER DEVELOPING COUNTRIES, SUBJECT, OF COURSE, TO THE BRAZILIAN GOVERNMENT'S CONVENIENCE AND TO ANNUAL APPROPRIATIONS OF FUNDS BY THE U.S. CONGRESS FOR SUCH PURPOSES.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BRASIL 09891 02 OF 02 141540Z

42

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 /016 W  
----- 012115

R 141140Z NOV 75

FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC 2497

UNCLAS SECTION 2 OF 2 BRASILIA 9891

WE HAVE PROVIDED THE SECRETARIAT OF INTERNATIONAL COOPERATION (SUBIN) WITH PROJECTIONS OF FUNDS UNDER THE TWO-STEP INTEREST ACCOUNT GENERATED UNDER AID LENDING TO BRAZIL. WE ESTIMATE THAT THIS FUND WILL TOTAL APPROXIMATELY U.S. \$20 MILLION IN THE PERIOD JULY 1, 1975 TO JUNE 30, 1981. OUR AID REPRESENTATIVES HAVE HAD PRELIMINARY DISCUSSIONS WITH SUBIN OFFICIALS ON USES OF THESE FUNDS, WHICH, UNDER TERMS OF EXISTING BRAZILIAN/U.S. AGREEMENTS, ARE TO BE PROGRAMMED BY THE GOVERNMENT OF BRAZIL, WITH AID CONCURRENCE PRIOR TO APPLICATION TO DEVELOPMENT PROGRAMS. WE ARE PREPARED TO CONTINUE THESE DISCUSSIONS IN ORDER TO REACH MUTUAL AGREEMENT ON A PROGRAM WHICH WILL CONTRIBUTE TO, AND, WE WOULD HOPE, ENRICH, THE VERY FRUITFUL COLLABORATIVE DEVELOPMENT EFFORT IN WHICH OUR TWO COUNTRIES HAVE PARTICIPATED OVER THE PAST SEVERAL DECADES. I WOULD HOPE, ALSO, THAT THESE DISCUSSIONS WILL PERMIT US TO PERCEIVE MORE CLEARLY OTHER OPPORTUNITIES FOR NEW FORMS OF TECHNICAL COOPERATION AND ASSIST ME IN PLANNING FOR A CONTINUING FOCUS WITHIN MY EMBASSY FOR RESPONDING TO SUCH OPPORTUNITIES. OVER AND BEYOND LIMITED RESIDUAL AID ACCOUNTING AND SIMILAR RESPONSIBILITIES WHICH I WOULD EXPECT THE EMBASSY TO ASSUME AFTER JUNE, 1977, IT WOULD BE USEFUL, I BELIEVE, TO BOTH OUR GOVERNMENTS TO ASSURE THE PRESENCE OF EXPERIENCED PERSONNEL ON MY STAFF ABLE TO COOPERATE WITH THE GOVERNMENT OF BRAZIL IN SECURING ACCESS TO TECHNICIANS, TRAINING OPPORTUNITIES AND OTHER FORMS OF COLLABORATION OF INTEREST TO BRAZILIAN DEVELOPMENT. IN CONCLUSION, I AM CONVINCED THAT THERE ARE AREAS FOR MATURE AND SOPHISTICATED COLLABORATION BETWEEN OUR TWO GOVERNMENTS TO ENHANCE FURTHER THE PROFESSIONAL, UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRASIL 09891 02 OF 02 141540Z

TECHNICAL AND MANAGERIAL INTERCHANGES WHICH TO DATE SO WELL HAVE SERVED OUR MUTUAL INTERESTS. IT IS SINCERE HOPE THAT OUR DISCUSSIONS WILL PRODUCE FURTHER IMAGINATIVE IDEAS THAT WILL PERMIT BRAZIL AND THE U.S., AFTER THE END OF THE AID PROGRAM, TO MARSHAL OTHER RESOURCES, PRIVATE AS WELL AS PUBLIC, HUMAN AS WELL AS FINANCIAL, IN FAVOR OF CONTINUED COOPERATION IN DEVELOPMENT. END TEXT. CRIMMINS. UNQUOTE. CRIMMINS

UNCLASSIFIED

NNN



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUDGETS, TEXT, DIPLOMATIC COMMUNICATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975BRASIL09891  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750397-0365  
**From:** BRASILIA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751143/aaaabmgv.tel  
**Line Count:** 214  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 267369  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 AUG 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <04 AUG 2003 by chicheje>; APPROVED <04 MAR 2004 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OMB BUDGET CUT FOR FY 1977  
**TAGS:** ECON, AFIN, BR, US, OMB  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006